

FISCAL MEMORANDUM

HB 4144 – SB 4181

May 7, 2008

SUMMARY OF AMENDMENT (016601, 017539, 017629, 018051, 017193): Creates the *Long Term Care Community Choices Act of 2008* which revises the current long-term care system by creating a single point of entry, establishing a budget allowance for home- and community-based services (HCBS), establishing a one-time \$2,000 transition cost allowance, developing a level of care criteria for nursing facility admissions, establishing an acuity-based reimbursement methodology for nursing facility services, and developing consumer-directed options for persons receiving HCBS. Requires the Commissioner of Finance and Administration to designate in each year's appropriations bill an amount of money to be used to increase access to HCBS in the Options program. Redefines "assisted-care living facility" and "assisted-care living facility resident." Removes oversight of TennCare long term care from the Select Committee on TennCare and creates the Select Oversight Committee on Long Term Care. Requires the Select Committee on TennCare legislative staff to serve the Select Oversight Committee on Long-Term Care and removes the Long-Term Care Committee's authority to hire staff. On July 1, 2012, the affected statutes in effect on May 1, 2008 will be revived and reinstated. Creates the "Veterans Long Term Care Fund" and authorizes the Commission on Aging and Disability to use the Fund to provide long term care to veterans.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Net Impact - \$4,000,000

\$2,810 Each One Day Meeting

Other Fiscal Impact – The creation of the Veterans Long Term Care Fund, as a general fund reserve, will not result in an increase in state expenditures. Allocations through the general appropriations act and revenue from interest earned by those allocations will make up the revenue in the Fund. House Appropriations Amendment 188, if passed, will appropriate \$2,000,000 from the TennCare Reserve Fund to the Veterans Long Term Care Fund for use by the Commission on Aging and Disability.

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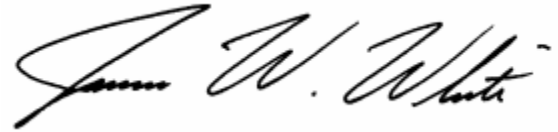
(Funding of \$4,000,000 is included in the Governors FY08-09 Recommended Budget)

Assumptions applied to amendment:

- According to the Bureau of TennCare, the average cost for HCBS is \$12,000 per year and the average cost for nursing facility care is \$48,000 per year.
- It is estimated that any reduction in expenditures due to the reduced cost of services will be offset by an increase in expenditures as a result of more individuals receiving services. The net impact of shifting to HCBS from nursing facility services will be not significant.
- The one-time \$2,000 transition allowance will reduce the amount available for additional individuals to receive services. The net impact will not be significant.
- The Bureau of TennCare will not incur a significant increase in expenditures for administrative or program changes.
- There will not be a significant net impact in expenditures to shift to an acuity-based reimbursement methodology.
- According to the Bureau of TennCare, \$4,000,000 of the \$10,127,900 HCBS improvement included in the Governor's Recommended FY08-09 Budget is to increase the number of enrollees in the Options program which is 100 percent state funded.
- The Select Oversight Committee on Long-Term Care will consist of ten members and will terminate at the adjournment of the regular session of the General Assembly convened in 2013. The General Assembly will have the authority to continue the Committee for five years by appropriate action during the regular session.
- The existing legislative staff of the Select Oversight Committee on TennCare will serve as the legislative staff of the created Select Oversight Committee on Long-Term Care resulting in a not significant increase in expenditures.
- Travel and per diem expenses for ten legislative members of \$2,810 per meeting (\$161 per diem plus \$120 mileage each).
- The Veterans Long Term Care Fund is established as a general fund reserve to be allocated by the general appropriations act. The appropriations within the fund will not revert to the general fund on any June 30.
- The Commission on Aging and Disability is authorized to expend money within the Fund to provide long term care services to veterans.
- House Appropriation Amendment 188 (draft code 017071) appropriates \$2,000,000 from the TennCare Reserve Fund to the Veterans Long Term Care Fund for the sole purpose of the Commission on Aging and Disability providing long term care services for veterans.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml